LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
(317)232-9855

ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT

PROPOSED RULE: 02-184 **DATE PREPARED:** Nov 21, 2002
STATE AGENCY: Family and Social Services Administration **DATE RECEIVED:** Oct 10, 2002

FISCAL ANALYST: Kathy Norris
PHONE NUMBER: 317-234-1360

Digest of Proposed Rule: The proposed rule applies to situations involving change of ownership of long term care facilities: nursing facilities, community residential care facilities for the developmentally disabled, and intermediate care facilities for the mentally retarded. The rule adds new sections, 405 IAC 1-18 and 405 IAC 1-19, that define a change of ownership and includes notification provisions for all providers in the Medicaid program. The rule defines how funds will be paid and recouped by the Medicaid program when a change of ownership occurs. These changes will provide the Office of Medicaid Policy and Planning (OMPP) the ability to transfer accounts receivable associated with the old owner to the new owner. Without this rule these amounts would remain difficult or impossible to collect.

Governmental Entities: *State Impact:* The Office of Medicaid Policy and Planning has identified more than $9 M of state and federal funds in outstanding accounts receivable that are the result of changes in ownership of long term care facilities for the period of FY 1992 through FY 2002. (This rule will not assist in the collection of these receivables.) Although there is no way to estimate the numbers of facilities that might experience a change in ownership or to estimate an amount of accounts receivable associated with a specific facility that might be sold, if prior experience is used as an indicator ($9 M in 11 years), this rule may result in average annual savings of $820,000, or about $310,000 in state share. Also of importance, the rule provides an incentive for providers to determine how to treat the issue of Medicaid accounts receivable between the seller and the buyer prior to finalizing a change of ownership.

There are no unfunded mandates placed upon any state agency by this rule.

Local Impact: This rule would affect local governmental entities only in the event of the sale of a government-owned long term care facility. There are no unfunded mandates placed upon any local agency by this rule.

Regulated Entities: Long term care providers are regulated entities, although participation in Medicaid is a voluntary election made by each facility.

Information Sources: Evelyn Murphy, Office of Medicaid Policy and Planning, (317) 233-6467.